



DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
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FT. BELVOIR, VIRGINIA 22060-6221

JUN 16 1997

IN REPLY
REFER TO AQBC

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS
COMMANDERS, DCMC CONTRACT ADMINISTRATION OFFICES
EXECUTIVE DIRECTOR, OPERATIONAL ASSESSMENT AND
PROGRAMMING
EXECUTIVE DIRECTOR, CONTRACT MANAGEMENT POLICY
EXECUTIVE DIRECTOR, PROGRAM INTEGRATION
DIRECTOR, SPECIAL PROGRAMS
DIRECTOR, DEFENSE PROCUREMENT CIM SYSTEM CENTER
STAFF DIRECTOR, ACQUISITION OFFICE

SUBJECT: Procedural Guidance for the Fiscal Year 1997 Annual
Statement of Assurance required by the Federal
Managers' Financial Act (FMFIA) of 1982

Reference Defense Contract Management Command (DCMC) Policy
Memorandum No. 97-03, Subject: DLAD 5000.4, Part II, Chapter 9:
The Management Control and Assessment Process (Interim) dated
March 11, 1997.

The referenced policy document (II-9, paragraphs 4.D. and
5.D.(12)), mandates that the subject Statement be provided. In
order for the DCMC Commander to meet Department of Defense (DoD)
and Defense Logistics Agency (DLA) reporting deadlines, you must
submit your Statement by the following suspense dates:

July 31 - Contract Administration Office (CAO)
Statements are to be submitted to the respective
District Commander.

August 31 - Statements from the Directors of AQAA,
AQAC, AQAS, and the District Commanders are to be
submitted to the DCMC Commander (forward to Mr. Thomas
McDonnell, Chief, Performance Assessment Team (AQBC)).
Districts must also include copies of CAO Statements.
The following District Statements will encompass
support services provided to the following

organizations, but will not include the mission and operations of those organizations:

International: DCMC Assessment Center, DCMC Overhead Center, and DCMC Single Process Initiative (SPI) Center

East: DCMC Software Center

West: DCMC Performance Labor Accounting System (PLAS) Program Management Office Center, and Earned Value Management System Center

September 15 - Executive Director Statements will be addressed to the DCMC Commander and forwarded to Mr. Thomas H. McDonnell, Chief, Performance Assessment Team (AQBC). Along with input from the District Statements, AQB and AQO Statements will encompass the mission and operations of the following organizations:

AQB: DCMC Assessment Center and DCMC PLAS Program Management Center

AQO: DCMC Overhead Center, DCMC SPI Center, DCMC Software Center, and Earned Value Management System Center

The referenced policy document (II-9, paragraphs 2.C. and 5.D.(12)a.-g.) describes the foundation upon which the subject Statement will be based and the level of assurance to be provided. Please note that language in the Statement must explicitly address management controls in mission areas. Therefore, particular effort should be made to address all management, organizational, performance, control, and reporting issues identified in the referenced policy document. Otherwise, the format for your Statement remains unchanged from that used in prior years. As in the past, you must describe any weakness(es) that materially affect(s) your inability to provide an "Unqualified Statement of Assurance."

Each of you should carefully consider, along with the results of internal assessments and specific external review and audit findings, any problems given regular management attention during the fiscal year as to whether or not they constitute a

material weakness. The criteria used for determining whether or not a deficiency is a material weakness remains the same as used in past years (reference DoDI 5010.40, Management Control (MC) Program Procedures, Enclosures 2 and 3). Your summary presentation of any material weakness should clearly describe the nature of the problem, the scope of its impact, corrective measures instituted/planned/completed, and their timetable. That impact should be expressed in quantifiable terms of real or potential:

a. Degradation of this Command's mission performance, or consequentially that of its customers (to include force readiness).

b. Loss of government resources to include not only Annual Operating Budget resources and expenditures, furnishings and equipment but also Government Furnished Property, non-conforming products and/or services, and contract dollars (in the form of payment for deliverables, advance payments, or progress payments).

c. Inability to properly track, document, and account for allocated resources.

d. Degradation of this Command's level of professionalism (e.g., compliance to standards of conduct, discrimination, harassment, safety, or environmental laws and regulations).

This year, regardless of which level of assurance you declare, and in addition to any material weakness(es) you may disclose, you are asked to identify in the attachment to your Statement areas of concern that affect the quality of the accomplishment or management of your mission and resources whose trend(s) may materially impact your organization in the future. In addition to the DCMC Commander's Fiscal Year 1997 Areas of Management Focus formulated by the DCMC Executive Council (see Memorandum dated December 18, 1996, Subject: The Defense Contract Management Command (DCMC) Fiscal Year 1996 Annual

Statement of Assurance, Material Weaknesses and Areas of Concern, Attachment 2), other sources for your consideration may be:

- results of your self-assessment activity, to include Monthly Management Reviews and Metrics reviews;
- the Assessment Reporter recently released on the DCMC Home Page;
- DoD, DLA, or DCMC policy;
- resource constraints versus mission requirements;
- industry and technology trends;
- changes in congressional and other public policy; and/or
- contractor changes potentially affecting major customer programs.

Your input will provide a major source of information as the DCMC Executive Team formulates areas of management focus for 1998, as well as consideration as possible material weakness(es) in the DCMC Commander's Statement.

Questions may be directed to Mr. John Glover at DSN 427-2414, commercial (703) 767-2404, Internet: john_glover@hq.dla.mil or Mr. Chuck Crippen at DSN 427-2432, commercial (703) 767-2432, Internet: charles_crippen@hq.dla.mil.



ROBERT W. DREWES
Major General, USAF
Commander

cc:
Deputy, DCMC